10 July 2024

This announcement contains inside information

ZIGUP PLC

("ZIGUP" or the "Group" or the "Company")

Strong underlying results with positive pipeline, improving vehicle supply and growing footprint

ZIGUP plc (LSE:ZIG), the leading integrated mobility solutions platform providing services across the vehicle lifecycle, is pleased to announce its results for the full year ended 30 April 2024.

Full Year results	***Reported***			***Underlying[1]***		
12 months ended 30 April	**2024**	2023	*Change*	**2024**	2023	*Change*
	£m	£m		**£m**	£m	
Revenue	**1,833.1**	1,489.7	*23.0%*	1,520.6	1,336.9	*13.7%*
EBIT	**195.1**	202.0	*(3.4%)*	213.7	189.2	*13.0%*
Profit before tax	**162.1**	178.7	*(9.3%)*	180.7	165.9	*8.9%*
Earnings per share	**55.2p**	60.3p	(8.5%)	61.4p	55.6p	*10.4%*

[1] excludes vehicle sales revenue, exceptional items, amortisation of acquired intangible assets and adjustments to underlying depreciation. See GAAP reconciliation.

Other measures	**2024**	2023	*Change*
	£m	£m	
Net debt	**742.2**	694.4	*6.9%*
Fleet assets[2]	**£1.30bn**	£1.16bn	*11.8%*
Leverage	**1.5x**	1.5x	*n/a*
EBITDA	**446.3**	412.2	*£34.1m*
ROCE	**14.5%**	14.1%	*+0.4ppt*
Dividend per Share	**25.8p**	24.0p	1.8p

[2] referring to the net book value of vehicles for hire.

Martin Ward, CEO of ZIGUP, commented:

"The business has continued to deliver on the strategy we set out back in 2020 and I am delighted to be reporting another year of record performance, with strong underlying growth. We have stepped up investment in our people and locations over the past year, which will increase our capacity and we have seen continued strong demand for our integrated mobility solutions from existing and new partners, which provides future quality revenues.

We refreshed our core purpose to 'Keeping our customers moving, smarter' and our broadening capabilities has generated more opportunities to cross sell our platform services. Vehicle supply is normalising, as expected, and we are well placed to fulfil demand into selected growth sectors. We expect to invest further in renewing our fleet over the next 24 months which supports our balance sheet value and produces strong levels of future cash generation."

Key financial highlights

- Total revenue growth up 23.0%; underlying revenue up 13.7% supported by both annualisation of FY2023 contracts and increased activity within recent Claims & Services contracts (revenues up 20%)

- Vehicle hire revenue rose 6.4%; Spain up 8.4% supported by VOH growth of 4.1%, UK&I up 4.6% with growth in specialist vehicles and ancillary products; plus careful pricing actions to mitigate cost inflation

- Disposal profits of £61.9m (2023: £51.5m); higher total sales volumes of 36,800 (2023: 18,200): LCV residual values moderating in line with our expectations, 7,000 cars and other non-fleet vehicles disposed at minimal PPUs

- Spain rental margin at 18.2% (2023: 18.5%), UK&I rental margin up 0.4ppts to 15.5% (2023: 15.1%); Claims & Services EBIT margin of 6.0% (2023: 6.4%) reflects business mix on strong revenue growth

- Reported PBT of £162.1m (2023: £178.7m); underlying PBT up 8.9% through growth in Claims & Services profit and in rental profit (+7.2%); contributions from higher disposal profits and lower corporate costs partially offset by £9.7m additional net finance costs

- EBITDA grew 8.3% to £446.3m (2023: £412.2m) due to strong operational performance; net capex steady at £281.9m, principally replacement capex where UK&I fleet age reduced by 1.7 months and Spain fleet 2.6 months with vehicle supply improving

- Strong balance sheet with stable 1.5x leverage (2023: 1.5x), supported by fleet assets of £1.30bn (2023: £1.16bn) and over £240m of facility headroom

- Shareholder returns: 7.5% increase in full year dividend to 25.8p; third £30m share buyback programme concluded in June 2024, which will achieve a 4% increase in EPS when fully reflected

Business highlights

- Group fleet stable at over 128,000 vehicles (H1 2024: 129,300), with Spain up 3,700 where supply availability offset UK&I supply challenges. Improving access to supply in calendar year 2024, expected beneficiary of recent Zero Emission Vehicles mandate

- Broadening of rental and ancillary services offerings: including specialist vehicle support, growth in B2C sales channels, enhanced e-auction solutions. Good pipeline of corporate fleet opportunities

- Claims & Services business enjoyed continued growth and strong pipeline: Lex Autolease multi-service contract live in September; further multi-year contract extensions agreed. Investment in productivity and improving customer support including greater automation

- Investment in increasing capacity and efficiency through investment in nine new facilities opened or nearing completion across UK&I and Spain. Initiatives focused on bringing businesses closer together to provide a more seamless and digital customer experience progressing well

- Supporting net zero transition: introduction of micro-mobility rental solution and solar/battery installation services; growing use of green parts in bodyshop repairs. Increasing customer demand for advisory support and fleet emissions data. e-LCVs on hire up 133%.

Post year-end event

- Corporate rebranding launched in May 2024, including renaming to ZIGUP plc with stock market ticker LSE:ZIG; new strategic framework reflecting growth aspirations and forward-looking purpose, focused on keeping customers mobile, smarter

Outlook

We have a healthy prospect pipeline across our businesses and demand for our services remains robust. LCV residual values have performed well as we had anticipated over the last few years and we expect they will moderate over the short term but remain elevated. We are confident that our proposition will continue to offer sustainable returns and that we will benefit from our differentiated position in the market, enabling the business to drive positive growth in underlying revenues, profitability and cashflow.

Analyst Briefing and Investor Meet presentation

A hybrid presentation for sell-side analysts and institutional investors will be held at 9.30am today, 10 July 2024. If you are interested in attending, please email Buchanan on zigup@buchanan.uk.com to request the joining details. This presentation will also be made available via a link on the Company's website www.zigup.com.

The Company will also provide a roadshow presentation via the Investor Meet Company platform on Monday 15th July 2024 at 2.30pm for institutional and retail investors. Click here to register:
https://www.investormeetcompany.com/zigup-plc/register

Spanish 'spotlight' session: Northgate Spain
A site visit providing greater insight into our Spanish operations is planned for Thursday 26 September. Spaces are limited but expressions of interest should be directed to investor@zigup.com. Relevant presentations will subsequently be made available via a link on the Company's website www.zigup.com.

This announcement is made on behalf of ZIGUP plc by Philip Vincent, Chief Financial Officer of ZIGUP plc.

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Notes to Editors:

ZIGUP is the leading integrated mobility solutions provider, with a platform providing services across the vehicle lifecycle to help people keep on the move, smarter. The Group offers mobility solutions to businesses, fleet operators, insurers, OEMs and other customers across a broad range of areas from vehicle rental and fleet management to accident management, vehicle repairs, service and maintenance.

The mobility landscape is changing, becoming ever more connected and ZIGUP uses its knowledge and expertise to guide customers through the transformation, whether that is more digitally connected solutions or supporting the transition to lower carbon mobility through providing EVs, charging solutions and consultancy.

The Group's core purpose is to keep its customers mobile, smarter - through meeting their regular mobility needs or by servicing and supporting them when unforeseen events occur. With our considerable scale and reach, ZIGUP's mission is to offer an imaginative, market-leading customer proposition and drive enhanced returns for shareholders by creating value through sustainable compounding growth. The Group seeks to achieve this through the delivery of its new strategic framework of Enable, Deliver and Grow.

ZIGUP supports its customers through a network and diversified fleet of approximately 130,000 owned and leased vehicles, supporting over 900,000 managed vehicles, with over 180 branches across the UK, Ireland and Spain and a specialist team of over 7,500 employees. We are a trusted partner to many of the leading insurance and leasing companies, blue chip corporates and a broad range of businesses across a diverse range of sectors. Our strength comes not only from our breadth of our award-winning solutions, but from our extensive network reach, our wealth of experience and continual focus on delivering an exceptional customer experience. Further information regarding ZIGUP plc can be found on the Company's website: www.zigup.com

Appendix: GAAP reconciliation

Consolidated income statement reconciliation

Year ended 30 April	Footnote (below)	**Statutory 2024 £m**	**Adjustments 2024 £m**	**Underlying 2024 £m**	Statutory 2023 £m	Adjustments 2023 £m	Underlying 2023 £m
Revenue	(a)	**1,833.1**	**(312.5)**	**1,520.6**	1,489.7	(152.8)	1,336.9
Cost of sales	(b)	**(1,400.2)**	**312.5**	**(1,087.7)**	(1,054.1)	106.3	(947.8)
Gross profit		**432.9**	**–**	**432.9**	435.6	(46.5)	389.1
Administrative expenses	(c)	**(239.1)**	**18.6**	**(220.5)**	(236.1)	33.7	(202.4)
Operating profit		**193.8**	**18.6**	**212.4**	199.5	(12.8)	186.7
Income from associates		**1.3**	**–**	**1.3**	2.5	–	2.5
EBIT		**195.1**	**18.6**	**213.7**	202.0	(12.8)	189.2
Finance income		**0.6**	**–**	**0.6**	0.1	–	0.1
Finance costs		**(33.6)**	**–**	**(33.6)**	(23.4)	–	(23.4)
Profit before taxation		**162.1**	**18.6**	**180.7**	178.7	(12.8)	165.9
Taxation	(d)	**(37.1)**	**(4.5)**	**(41.6)**	(39.5)	1.9	(37.6)
Profit for the year		**125.0**	**14.1**	**139.1**	139.2	(10.9)	128.3
Shares for EPS calculation		**226.3m**		**226.3m**	230.8m		230.8m
Basic EPS		**55.2p**		**61.4p**	60.3p		55.6p

Adjustments comprise:	Footnotes	2024	2023
Revenue: sale of vehicles	(a)	**(312.5)**	(152.8)
Cost of sales: revenue sale of vehicles net down	(a)	**312.5**	152.8
Depreciation adjustment (Note 6)		**–**	(46.5)
Cost of sales	(b)	**312.5**	106.3
Gross profit	(a)+(b)	**–**	(46.5)
Exceptional items (Note 6)		**–**	13.5
Amortisation of acquired intangible assets (Note 6)		**18.6**	20.2
Administrative expenses	(c)	**18.6**	33.7
Adjustments to EBIT		**18.6**	(12.8)
Adjustments to PBT		**18.6**	(12.8)
Tax on exceptional items (Note 6)		**(4.5)**	(2.1)
Other tax adjustments		**–**	4.0
Tax adjustments	(d)	**(4.5)**	1.9
Adjustments to profit		**14.1**	(10.9)

OPERATING REVIEW

Group overview

The importance of customer experience remains at the heart of the Group's commercial proposition and has been a key driver of the Group's performance in recent years. Our strategic and operational actions this year have focused on continuing to enhance our delivery of a differentiated and market-leading suite of end-to-end mobility services for our customers. This commitment to the client proposition has driven strong growth in underlying profit before tax of 8.9%.

Continued volume growth in our Claims & Services business and in rental revenue in both UK&I and Spain together reflect the ongoing strong demand across our geographies and the attractiveness of our integrated mobility platform. This is underpinned by the structural trends of growth in outsourcing, and increasing connectedness within the mobility environment and also in vehicles themselves. This connectedness enhances the benefits for customers taking multiple services from us, reducing operational friction, and the potential for greater cost efficiencies from further growth of the platform.

We have also introduced greater process automation and are developing further digital tools to expand the customer proposition and streamline our organisational structure, delivering simplified customer relationships and focused account management priorities.

Vehicle supply dynamics improved throughout FY2024, enabling greater fleet replacement. This is where our strong balance sheet gives us a competitive advantage and flexibility in quickly responding to fleet opportunities. The shortfall in industry supply continues to impact parts availability and supports long-term residual values.

Alongside fleet, we have made significant investments into our locations, people and processes which are designed to grow capacity, build efficiencies and improve the customer journey. We are very mindful of the importance of long-term customer retention through providing high quality value-added services. We have sought to mitigate cost inflation through procurement activity and changes to processes within branches; these have been supported by careful pricing increases.

Our new strategic framework and brand refresh was launched in May 2024 including the new corporate name, ZIGUP plc. It reflects our growth aspirations and forward-looking purpose, focused on keeping our customers mobile, smarter.

Vehicle supply

A continued rebound in automotive production has supported greater vehicle supply availability and improved future visibility. As a result, average UK lead times from order to delivery reduced from over 150 days in early 2023 to below 50 days by the end of the financial year, closer to historic levels. While list prices have continued to rise, the frequency and scale of increases has reduced, along with greater manufacturer incentives to support high volume purchases. Spain has seen a similar trend and a return to 2019-lead times for most vehicles.

In both markets, residual values have softened as expected over the course of the year, but there remains a shortfall of vehicles in the used market in the short term. We expect residual markets to remain strong due to this shortfall in used supply combined with higher pricing of new vehicles and also potentially more limited volumes of traditional LCVs as manufacturers move away from ICE production.

Model availability also improved in the second half of the year with an increase in the supply of smaller vans into the UK which are in high demand, increasing to a quarter of new vehicle supply. With the implementation of the ZEV mandate in the UK in early 2024 designed to support vehicle decarbonisation, there is greater emphasis from OEMs on selling EVs.

As a result, these are becoming more commonly bundled with petrol and diesel (ICE) vehicles for volume sales. This has created attractive opportunities for purchasers of our scale and we expect to benefit from access to greater bundled volumes and support on internal combustion engine vehicles from OEMs impacted by limitations from the ZEV mandate.

Strategic progress

Since 2020, our corporate strategy has been focused on delivering the benefits of our end-to-end range of products and services, which together offer differentiated mobility solutions across the vehicle lifecycle, through an integrated platform and which has achieved substantial underlying revenue growth over this period.

In early 2024 we put in place a simplified reporting structure and established an Executive Committee in order to better assess and capitalise on the breadth of opportunities before us. Alongside the rebranding exercise we also introduced a refreshed strategic framework under three new pillars, with progress under these described below: -

Enable: Joined up, sustainable smarter mobility solutions

This encompasses developing sustainable products, services and operational capabilities that embrace technologies which enable increasingly connected mobility within our customer proposition.

Within UK&I Rental we have been focused on improving workshop and branch productivity and connectivity, with customer-focused digital apps and providing more data insights and emissions data to fleet customers to support their fleet management and reporting requirements. In Spain Rental we are preparing for the launch of an enhanced e-auction platform for fleet disposals to improve the experience for prospective used vehicle purchasers, and we have migrated our telematics offering to a next-gen provider to maximise the use of data intelligence.

Investment within our Claims & Services business has included further deployment of robotics within claims process management, connected analytics within the bodyshops, along with tooling such as plastic bumper welding to reduce the cost to repair and level of waste.

Deliver: A differentiated & responsible customer experience

Deliver is centred around being trusted by our customers to provide expert advice and service that exceeds expectations, delivering industry-leading responsiveness and operational efficiencies.

Throughout all businesses we have been reinforcing our ‘customer first’ culture with enhanced training and tools to support the customer experience. Against the backdrop of constrained vehicle availability, the rental businesses have worked tirelessly and customers have understood the challenges facing the sector. Our strong feedback routes have reflected the significant efforts made to keep our customers mobile, with Auxillis NPS at over 65% and ‘Excellent’ UK&I rental Trustpilot scores significantly above industry levels.

Further enhancements include simplifying access to the full range of products and ancillary services and streamlining and digitalising processes and customer channels, such as a direct hire booking app.

We believe these actions will help grow our share of wallet from existing customers as we provide a broader range of services through a single touchpoint and with a more holistic view of a customer’s total needs. This has already been seen at Blakedale where the top three customers each grew their fleets over 30% with us and we broadened the range of vehicles provided. Spain has invested in a new CRM system to better monitor and respond to customer requirements, and expanded to two-shift workshop patterns to increase capacity.

Grow: Broadening customers & markets, and an expanded product offering

We are continually exploring opportunities to responsibly grow the business’s breadth, size and capabilities, including into both complementary and new products and geographies.

During the year we opened nine new facilities across the UK and Spain, expanding the footprint and increasing capacity in a number of key locations. We will add further locations in the coming year and continue to explore inorganic opportunities to grow the business, focused on achieving long term earnings growth and sustainable shareholder value.

Claims & Services added further specialist segments to its customer base and continued to expand the number of customers taking more than one service from us on multi-year contracts. Our product offering was further expanded through the acquisition of FridgeXpress at the start of the year adding refrigerated solutions to the UK rental proposition.

This was enhanced both by the launch of a corporate-focused car rental solution and the introduction of a broad range of micro-mobility rental solutions offering light electric vehicles suitable for urban and pedestrian-focused areas such as waste management and parks, where a number of our customers have contracts. Our pipeline across the business remains very strong.

Supporting sustainability

For customers, our Drive to Zero programme supports fleet owners in identifying the right strategy and first steps in utilising EVs, or improving their fleet management and driver behaviour to reduce emissions. Over the year, we held 10 open days and driving courses with over 300 customers attending with the opportunity to test out new vehicles.

In the UK&I, e-LCVs on hire more than doubled in the year to c.1,000 units with a number of fleets renting EVs at scale; the largest now has over 100 EVs and continues to grow with more orders after the year end. In Spain, the business won EU grants to support the purchase of 500 additional EVs and 3,000 telematics units. The business is also preparing a fleet software tool to allow managers to continually assess the potential to migrate vehicles on their fleet to EVs. Our ChargedEV business added solar and battery solutions to its product portfolio, and we have developed a range of key partnerships with energy providers to offer bundled solutions for domestic and commercial customers.

Within our business, we have also made clear progress in meeting our sustainability ambitions. Over 90% of our company cars will be EV or hybrid vehicles by the end of the current year, we diverted 99% of our waste from landfill, switched to a more sustainable paint supply and introduced a new waste and resource efficiency policy to promote the greater use of circular economy principles. EV charging is now installed in 75% of our UK sites and in most of our Spanish urban sites, and over a third of all employees have undertaken EV awareness learning modules.

Our people

Our people are critical to our continued growth, and we invest in their training and career journeys as we know these are key elements in maximising retention in a challenging labour market. One third of roles filled in the year were sourced internally, with the majority achieved through promotion. Our key people-engagement metric rose again, up 1ppt to 75% on a strong 83% engagement.

Notably, there was a 13ppt increase to 75% in those stating they understood the Group's success criteria and their role in it, and over 80% felt the Group was well positioned for growth. The number of industry awards won across the business is testament to the talent and commitment of our people.

Our apprentice schemes are a key route for us to develop new technical talent, and there are now over 400 apprentices and trainers working in the Group. Over the past year, the retention rate for apprentices exceeded 90%, reflecting the importance we placed on providing clarity and support for a career with ZIGUP from the start. Over 2,000 days of technical training were undertaken across the Group, as we ensured all of our workshop and bodyshop teams were properly equipped to manage what is an increasingly technical and connected automotive environment.

Strong financial capacity and sustainable shareholder returns

We adopt a conservative and long-term value-oriented approach to capital allocation, which is appropriate for the industry in which we operate and where leverage is a natural part of the business model. We have a strong balance sheet which provides the business with the ability to be both long-term in our organic investment approach and highly responsive to the increasing range of fleet acquisition opportunities as well as agile in our approach to M&A opportunities.

EBITDA of £446m for the year delivered substantial cashflow to support business growth, progressive dividends and share buybacks. Our balance sheet and business model is attractive to lenders, with a diverse customer base and an asset-backed profile supported by £1.3bn of vehicle fleet compared to net debt of £742m. Leverage remained well within our 1-2x target range, finishing the year at 1.5x, in line with the prior year while also enabling substantial investment in the fleet and returns to shareholders.

Given our continued confidence in the outlook for the business, subject to shareholder approval, the Board has proposed a final dividend of 17.5p per share (2023: 16.5p) to be paid on 27 September 2024 to shareholders on the register as at close of business on 30 August 2024, bringing the total dividend to 25.8p (2023: 24.0p), a 7.5% increase on the prior year.

The Board continues to view share buybacks as a useful element within our capital allocation framework alongside a progressive dividend and will keep further share repurchase activities under review. The third £30m tranche of our buyback programme was completed in June 2024 and in total across all three programmes has acquired 25.3m shares since 2022, equating to 10% of ordinary share capital as a risk-free enhancement of shareholder returns.

Financial review

Group revenue and EBIT

Year ended 30 April	**2024 £m**	2023 £m	Change £m	Change
Revenue – Vehicle hire	**649.3**	610.5	38.8	6.4%
Revenue – Vehicle sales	**312.5**	152.9	159.6	104.4%
Revenue – Claims and services	**871.4**	726.3	145.0	20.0%
Total revenue	**1,833.1**	1,489.7	343.4	23.0%
Rental profit	**109.7**	102.3	7.4	7.2%
Disposal profit	**61.9**	51.5	10.4	20.2%
Claims and services profit	**51.4**	44.5	6.9	15.4%
Corporate costs	**(10.6)**	(11.6)	1.1	(9.4%)
Underlying operating profit	**212.4**	186.7	25.7	13.8%
Income from associates	**1.3**	2.5	(1.2)	(48.6%)
Underlying EBIT	**213.7**	189.2	24.5	13.0%
Underlying EBIT margin[1]	***14.1%***	*14.2%*		(0.1ppt)
Statutory EBIT	**195.1**	202.0	(6.9)	(3.4%)

Revenue

Total Group revenue, including vehicle sales, of £1,833.1m was 23.0% higher than prior year while revenue excluding vehicle sales of £1,520.6m (2023: £1,336.9m), was 13.7% higher than the prior year.

Hire revenues increased 6.4% mainly due to pricing actions to address cost inflation; average rental VOH was 1.6% lower than the prior year. Spain was able to grow VOH due to wider availability of new vehicles, whereas the UK reduced the rentable fleet as the oldest vehicles were defleeted with less vehicles being available to replace them. Claims and services revenue growth of 20.0% reflected increased volumes from new business wins.

Vehicle sales revenue increased by 104.4% driven by a 102.2% increase in vehicles sold as we defleeted our oldest cohort of vehicles.

EBIT

Statutory EBIT reduced by 3.4%, while underlying EBIT of £213.7m increased 13.0% compared to the prior year; reflecting higher disposal profits and volume growth in Claims & Services. Statutory EBIT included a credit of £46.5m in the prior year for adjustments to depreciation rates which was £nil in the current year, amortisation on acquired intangible assets of £18.6m (2023: £20.2m) and other exceptional items of £nil (2023: £13.5m).

Rental profit increased £7.4m to £109.7m (2023: £102.3m) with a £4.1m increase in UK&I and an £3.2m increase in Spain. Claims & Services saw volume growth particularly in fleet management services, coupled with efficiencies in repair services resulting in an £5.7m increase in underlying EBIT, including income from associates, to £52.7m (2023: £47.0m).

Total disposal profits for the year of £61.9m were 20.2% higher than the prior year with 36,800 vehicles sold (2023: 18,200) with residual values softening in the UK as expected, whilst continuing to be strong in Spain and remaining higher than pre-COVID-19 levels in both businesses.

[1] Calculated as underlying EBIT divided by revenue (excluding vehicle sales)

UK&I Rental

Year ended 30 April Underlying financial results	**2024** **£m**	2023 £m	Change
Revenue – Vehicle hire[2]	**384.4**	367.7	4.6%
Revenue – Vehicle sales	**226.9**	104.9	116.2%
Total revenue	**611.4**	472.6	29.4%
Rental profit	**59.8**	55.6	7.4%
Rental margin %	***15.5%***	*15.1%*	0.4ppt
Disposal profit	**34.0**	37.8	(9.9%)
Underlying EBIT	**93.8**	93.4	0.4%
EBIT margin %[3]	***24.4%***	*25.4%*	*(1.0ppt)*
ROCE %	**15.1%**	16.3%	(1.2ppt)
Year ended 30 April KPIs	**2024** **('000)**	2023 ('000)	Change
Average VOH	**45.1**	48.9	(7.7%)
Closing VOH	**43.8**	46.5	(5.8%)
Average utilisation %	**91%**	93%	(2ppt)

Highlights

Rental revenue rose 4.6% compared to the prior year, including strong growth in specialist vehicle operations and ancillary revenues. Together with carefully managed pricing actions this more than offset headwinds from limited LCV supply. With demand remaining robust across all customer sectors, the business worked to maximise availability to deliver on customer requirements, including growing customer interest in e-LCVs where vehicles on rent more than doubled.

The acquisition of FridgeXpress added refrigerated vehicle solutions to the overall customer proposition, which is increasingly offered to rental customers through more unified relationship management. Ancillary revenues grew 15% with continued take-up of telematics and Blakedale grew its specialist fleet by over 35% to 600 vehicles. These combined efforts coupled with a strong focus on cost discipline contributed to rental margins rising 0.4ppt across the year.

Rental fleet totalled 46,600 at the end of April 2024, 8% lower than the prior year as we chose to defleet vehicles, but with much greater supply visibility developing through the year. Vehicle supply improved in the second half of the year, allowing for greater fleet replacement activity with over 10,000 new vehicles purchased and a reduction in closing fleet age (excluding leased fleet) from a peak of 36.7 to 34.0 months at the end of the year. Our financial capacity has delivered opportunities to acquire vehicles at scale, including supporting OEMs operating under the new ZEV mandate.

LCV residual values softened but continue to be well above historic levels, reflecting both increased list prices for new vehicles and continued undersupply. Disposal profits were £34.0m (2023: £37.8m) with increased volumes of LCV sales offset by lower PPUs including defleeting of Auxillis cars (these have more predictable depreciation with minimal PPUs) through expanding the lower cost Van Monster online platform.

The business has also invested in its locations, processes and people with a clear focus on delivering an improved customer experience and maximising vehicle and workshop availability. Trustpilot scores have improved significantly to 4.7, well above industry averages of 3.3 in the van rental category. Two new locations were opened alongside a refocus of Van Monster branch operations.

A car rental initiative targeting a new customer channel was launched in the year. The business also launched a micro-mobility solution and widened ancillary services offered in Ireland. ChargedEV added solar and battery installation solutions and saw a 50% increase in domestic and a 150% increase in commercial installations, helped by new key energy sector and facilities management partnerships.

[2] Including intersegment revenue of £9.2m (2023: £9.9m)

[3] Calculated as underlying EBIT divided by revenue (excluding vehicle sales)

Rental business

Vehicle hire revenue in UK&I was £384.4m (2023: £367.7m), an increase of 4.6%. A 13.3% increase in average revenue per vehicle reflected fleet mix, rate increases, and was partially offset by a 7.7% reduction in average VOH.

Average VOH of 45,100 was 3,800 lower than the prior year reflecting the continued shortage in supply of new LCVs.

UK&I's minimum term proposition accounted for 42% of average VOH (2023: 37%). The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings, as well as lower transactional costs.

Rental margin was 15.5% compared to 15.1% in the prior year. Margin reflects the change in business mix and was maintained through operating efficiencies and increasing hire rates to offset cost inflation.

Management of fleet and vehicle sales

The closing UK&I rental fleet was 46,600 compared to 50,800 at 30 April 2023. During the year, 10,900 vehicles were purchased (2023: 4,800) and 15,900 vehicles were defleeted (2023: 8,600). The leased fleet increased by 500 vehicles.

The average age of the fleet (excluding leased vehicles) was 34.0 months at the end of the year which was a 1.7 month decrease from 30 April 2023 as we have begun to recycle the older cohorts of the fleet upon supply availability improving in early 2024.

A total of 22,200 vehicles were sold in UK&I during the year which was 118% higher than the prior year (2023: 10,200) including 7,000 cars and other non-fleet vehicles (2023: 300) including those which had been defleeted from the Claims & Services fleet and sold via Van Monster.

Disposal profits of £34.0m (2023: £37.8m) decreased 9.9% compared to prior year with an expected reduction in residual values being partially offset by increases in sales volumes.

Spain Rental

Year ended 30 April Underlying financial results	**2024** **£m**	2023 £m	Change
Revenue – Vehicle hire	**274.0**	252.7	8.4%
Revenue – Vehicle sales	**84.5**	47.3	78.8%
Total revenue	**358.5**	300.0	19.5%
Rental profit	**50.0**	46.7	6.9%
Rental margin %	***18.2%***	*18.5%*	(0.3ppt)
Disposal profit	**27.8**	13.7	102.7%
Underlying EBIT	**77.8**	60.4	28.7%
EBIT margin %[4]	***28.4%***	*23.9%*	*4.5ppt*
ROCE %	**14.2%**	12.9%	1.3ppt

Year ended 30 April KPIs	**2024** **('000)**	2023 ('000)	Change
Average VOH	**55.7**	53.6	4.1%
Closing VOH	**57.6**	54.7	5.2%
Average utilisation %	**91%**	92%	(1ppt)

Highlights

Continued positive market conditions helped Spain Rental achieve rental revenue growth of 8.4% with total revenues up 19.5%. Our differentiated rental proposition, focused on the customer experience, encouraged strong demand for the flexible rental solution in what is a higher interest rate environment for customers. Revenue growth was supported by much improved access to vehicle supply and rate increases achieved for both flex and minimum term offerings which helped to mitigate cost inflation.

Recent new business lines have continued to develop, with rental fleet supplied through our B2C digital offering up over 110% and revenues from third party servicing in our workshops rising over 50%. The telematics service was consolidated through a partnership with a market leading provider, with 11,400 vehicles (+46%) equipped by the end of the year.

Rental margin of 18.2% remained close to the prior year record of 18.5%. This followed the normal seasonal profile where a higher volume of repair costs are typically booked within the second half. Margins were supported by a clear focus on mitigating cost inflation through hire rates, whilst optimising utilisation levels and strong cost discipline, including a greater saving from using green recycled parts in repairs.

The vehicle supply market was relatively stable throughout the year, allowing 17,600 fleet purchases from a broad range of OEMs. Closing VOH was up over 5% and the average age of the fleet fell to 30.1 months in April 2024, down 2.8 months from the peak in November 2022. The increase in disposal profits to £27.8m (2023: £13.7m) was principally due to vehicle sales volumes of 14,500, 84% higher than in the prior year, together with continuing strength in residual values. This was reflected in disposal PPUs rising 10% to £1,900.

Investment in new locations saw the León branch open in the first half, followed by a new branch in Barcelona and the relocation and expansion of the Cadiz branch. This capacity growth was also supported by a recruitment drive for workshop technicians in a tight labour market.

EV and hybrid vehicles within the fleet increased 65% over the year, as part of a range of low carbon initiatives. This included a partnership with Iberdrola to provide an end-to-end vehicle and green energy infrastructure offering. The business also won grants (EU funds programme) to support buying EVs and installing telematics in fleet vehicles to help optimise fuel efficiency.

[4] Calculated as underlying EBIT divided by revenue (excluding vehicle sales)

Rental business

Hire revenue in Spain increased 8.4% to £274.0m (2023: £252.7m), driven by the increase in average VOH and managed increases in pricing. Closing VOH increased 5.2% to 57,600.

Spain's minimum term proposition accounted for 36.6% (2023: 35%) of average VOH. The average term of these contracts is approximately three years, providing greater certainty of future generated revenues.

The rental margin was 0.3ppt lower than the prior year at 18.2%, with pricing increases partially offsetting cost inflation.

The increase in hire revenue resulted in a 6.9% increase in rental profits to £50.0m (2023: £46.7m).

Management of fleet and vehicle sales

The closing Spain rental fleet was 65,100 compared to 61,400 vehicles at 30 April 2023. During the year 17,600 vehicles were purchased (2023: 13,200) and 13,900 vehicles were de-fleeted (2023: 9,400 vehicles).

The average age of the fleet at the end of the year was 30.1 months, 2.6 months lower than at the same time last year, as vehicle availability has improved and we replaced the oldest of our fleet.

A total of 14,500 (2023: 7,900) vehicles were sold in Spain during the year, 83.5% higher than the prior year reflecting a higher rotation of the fleet with new vehicles being more readily available.

Disposal profits of £27.8m (2023: £13.7m) increased 102.7% due to the increased number of vehicles sold and continued strength in residual values, resulting in an increase in PPU on disposals to £1,900 (2023: £1,700).

Claims & Services

Year ended 30 April Underlying financial results	**2024** **£m**	2023 £m	Change
Revenue – Claims and services[5]	**882.3**	738.9	19.4%
Revenue – Vehicle sales[6]	**77.9**	31.0	151.7%
Total revenue	**960.3**	769.8	24.7%
Gross profit	**171.0**	151.5	12.9%
Gross margin %[7]	***19.4%***	*20.5%*	*(1.1ppt)*
Operating profit	**51.4**	44.5	15.5%
Income from associates	**1.3**	2.5	(48.6%)
Underlying EBIT	**52.7**	47.0	12.1%
EBIT margin %[7]	***6.0%***	*6.4%*	*(0.4ppt)*
ROCE %	**17.6%**	15.9%	1.7ppt

Highlights

Claims and services revenue increased 19.4% on the prior year, with increased volumes from existing customers together with new contracts going live early in the financial year. These included full-service contracts for Abacai insurance and Lex Autolease which quickly reached expected activity levels. Externally owned fleet vehicles covered by our repair and claims management services now total over 900,000, broadly equally split between insurer and other fleets.

One of our key insurance partners extended their credit and direct hire multi-year contracts out to 2026, and other renewals included a blue-light incident management contract, reflecting the breadth of our offering and customer base. In the first half, the business also expanded its product offering to one of its largest insurance partners, adding repair capacity support to a new specialist customer segment. Vehicle sales of £77.9m reflect recycling of the car fleet, the majority of which was sold through Van Monster.

The business has worked hard to manage cost inflation, making progress in productivity metrics, including in our repair centres. Improving timeframes within parts supply chains helped reduce repair lead times, also resulting in average replacement hire lengths moderating closer to historic levels.

Our key customer partners appreciate the challenges presented by cost inflation and labour shortages, with agreements on price increases in place. This was also reflected in industry guide to retail charges noting a 12% increase in repair labour rates in the first half. EBIT grew over 12% while EBIT margin of 6.0% was 0.4 ppts lower than the prior year. This principally reflects greater direct hire and repair, and fleet management services within the product mix rather than cost inflation, as the business worked hard to achieve supply chain cost efficiencies, such as for paint and vehicle parts.

There remains a pipeline of contract opportunities in active discussion across the product and margin range, as existing and potential customers see the benefit of working with a trusted, multi-service and expert partner.

The business has invested in its processes and people, introducing a greater use of robotics and new client facing apps and client digital interfaces to further digitalise and automate highly process-driven activities within claims management. At the same time the business continues to support its people with enhanced training and expansion of our apprentice scheme, where there are now over 135 apprentices within the business. Repair capacity was also

[5] Including intersegment revenue of £10.9m (2023: £12.5m)

[6] Including intersegment revenue of £76.9m (2023: £30.3m)

[7] Gross profit margin calculated as underlying gross profit divided by total revenue. EBIT margin calculated as underlying EBIT divided by total revenue excluding vehicle sales

expanded through investment in three new bodyshop repair facilities as well as workshop tools supporting higher productivity and parts reuse.

Revenue and profit

Revenue for the year (excluding vehicle sales) increased 19.4% to £882.3m (2023: £738.9m) reflecting the full impact of recent contract wins. These favourable variances were offset by a reduction in credit hire length in comparison to the prior year. The prior year was affected by macro challenges in supply chains for parts and labour with those conditions seeing improvement in the current year.

Gross margin of 19.4% declined 1.1ppt (2023: 20.5%) due to volume mix across each business within the segment.

EBIT increased 12.1% to £52.7m reflecting both growth in repairs services driven by parts and paints margins coupled with technician efficiency and fleet management services with full year impacts of recent contract wins. EBIT margin lowered slightly to 6.0% vs. 6.4% in the prior year due to volume mix.

Management of fleet

The total fleet in Claims & Services was 16,500 vehicles at the end of the year (2023: 18,500) and the average fleet age (including leased vehicles) was 16 months (2023: 15 months). This reflects the lower fleet holding period than in the rental businesses due to the different usage of vehicles and the optimal holding period of this vehicle mix.

Group PBT and EPS

Year ended 30 April	**2024 £m**	2023 £m	Change £m	Change
Underlying EBIT	**213.7**	189.2	24.5	13.0%
Net underlying finance costs	**(33.0)**	(23.3)	(9.7)	41.7%
Underlying profit before taxation	**180.7**	165.9	14.8	8.9%
Statutory profit before taxation	**162.1**	178.7	(16.6)	(9.3%)
Underlying effective tax rate	**23.0%**	22.6%	–	0.4ppt
Underlying EPS	**61.4p**	55.6p	5.8p	10.4%
Statutory EPS	**55.2p**	60.3p	(5.1)p	(8.5%)

Profit before taxation

Underlying PBT was 8.9% higher than prior year reflecting the higher EBIT across the Group. Statutory PBT was 9.3% lower than the prior year, with £nil net adjustment for changes to depreciation rates on the older fleet compared to £46.5m credit in the prior year.

Exceptional items

During the year, there were no items that were recognised as exceptional items. Exceptional costs in the prior year of £13.5m arose from the impairment of goodwill and other intangibles of NewLaw.

Amortisation of acquired intangibles is not an exceptional item as it is recurring. However, it is excluded from underlying results in order to provide a better comparison of performance of the Group. The total charge for the year was £18.6m (2023: £20.2m). Depreciation rate adjustments of £nil (2023: £46.5m credit) on vehicles purchased before FY2021 have been excluded from underlying results in order to better compare results over time as explained further below.

Depreciation rate changes

When a vehicle is acquired, it is recognised as a fixed asset at its cost net of any discount or rebate received. The cost is then depreciated evenly over its rental life, matching its pattern of usage down to the expected future residual value at the point at which the vehicle is expected to be sold net of directly attributable selling costs.

Accounting standards require a review of residual values during a vehicle's useful economic life at least annually, with changes to depreciation rates being required if the expectation of future values changes significantly.

Matching of future market values of vehicles to net book value (NBV) on the estimated disposal date requires significant judgement for the following reasons:

- Used vehicle prices are subject to short term volatility which makes it challenging to estimate future residual values;
- The exact disposal age is not known at the point at which rates are set and therefore the book value at disposal date is not certain; and
- Mileage and condition are the key factors in influencing the market value of a vehicle. These can vary significantly through a vehicle's life depending upon how the vehicle is used.

Due to the above uncertainties, a difference normally arises between the NBV of a vehicle and its actual market value at the date of disposal. Where these differences are within an acceptable range they are adjusted against the depreciation charge in the income statement. Where these differences are outside of the acceptable range, changes must be made to depreciation rate estimates to better reflect market conditions and the usage of vehicles.

Residual values have increased significantly in recent years due to the disruption of new vehicle supply that has increased demand for used vehicles. Uncertainty to the extent and longevity of this buoyancy in residual values meant that there were a number of vehicles on our fleet where the depreciated book value was below or very close to the expected residual value at disposal. In line with the requirements of accounting standards and as previously disclosed, a decision was made to reduce depreciation rates from 1 May 2022 on certain vehicles remaining on the fleet which were purchased before FY2021.

The actual phasing of the adjustment will change if these vehicles are held for a longer or shorter period than anticipated. The depreciation rate change is expected to impact the statutory income statement over the remaining holding period of those vehicles as follows:

£m	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Reduced depreciation	55.1	38.3	15.7	4.1	–	113.2
Reduced disposal profits	(8.5)	(38.3)	(40.5)	(22.3)	(3.6)	(113.2)
Updated expected impact on statutory EBIT	**46.6**	**–**	**(24.8)**	**(18.2)**	**(3.6)**	**–**
Previously expected impact on statutory EBIT	46.5	12.7	(28.3)	(26.4)	(4.5)	–

No further depreciation rate changes have been made on the existing fleet since the impact on EBIT was outlined last year. The updated phasing of the adjustment relates to an updated expectation of refreshing the older fleet more quickly than originally envisaged. This has been the case in the current year due to better availability of new vehicles than previously expected.

The impact of the changing depreciation rates on this component of the fleet will re-phase statutory EBIT over this five-year period but will have no impact on underlying results, no overall impact on statutory profit over the life of the fleet and does not impact cash.

Depreciation rates on vehicles purchased in FY2025 will be set based on management's best estimates of future residual values when those vehicles are sold, with holding periods ranging from 12 to 60 months.

Interest

Net underlying finance charges increased to £33.0m (2023: £23.3m) due to higher average debt and the increase in floating interest rates over the year. Interest rates are significantly sheltered due to holding approximately 65% of borrowing as fixed rate debt.

Taxation

The Group's underlying tax charge was £41.6m (2023: £37.6m) and the underlying effective tax rate was 23.0% (2023: 22.6%). The statutory effective tax rate was 22.9% (2023: 22.1%).

Earnings per share

Underlying EPS of 61.4p was 5.8p higher than prior year, reflecting increased profits in the year and a 1.5p in year impact of the share buyback programme. Statutory EPS of 55.2p was 5.1p lower, reflecting the movement in underlying EPS being offset by the movement in exceptional items and credits recognised in the prior year with respect to deprecation rates adjustments which are not included within the underlying results.

Business combinations

In May 2023 the Group acquired 100% of the equity capital of Fridgexpress (UK) Limited for provisional consideration of £5.0m. The provisional fair value of net assets acquired was £2.9m resulting in the recognition of £2.1m of goodwill.

Share buyback programme

The Group completed its initial £60m share buyback programme in December 2022. A further £30m share buyback programme commenced in August 2023 and was completed in June 2024. During the year to 30 April 2024, 7,104,291 shares were purchased for a total consideration of £24.9m.

Group balance sheet

Net assets at 30 April 2024 were £1,043.4m (2023: £994.6m), equivalent to net assets per share of 459p (2023: 434p). Net tangible assets at 30 April 2024 were £816.4m (2023: £752.9m), equivalent to a net tangible asset value of 359p per share (2023: 328p per share).

The calculations above are based on the number of shares in issue at 30 April 2024 of 246,091,423 (2023: 246,091,423) less treasury shares of 18,981,862 (2023: 16,877,571).

Gearing at 30 April 2024 was 90.9% (2023: 92.2%) and ROCE was 14.5% (2023: 14.1%).

Group cash generation

Year ended 30 April	**2024 £m**	2023 £m	Change £m
Underlying EBIT	**213.7**	189.2	24.5
Depreciation and amortisation[8]	**232.6**	223.0	9.6
EBITDA	**446.3**	412.2	34.1
Net replacement capex[9]	**(280.2)**	(155.6)	(124.6)
Lease principal payments[10]	**(65.0)**	(65.1)	0.1
Steady state cash generation	**101.1**	191.5	(90.4)
Working capital and non-cash items	**(5.6)**	(0.3)	(5.3)
Growth capex[9]	**(1.7)**	(122.6)	120.9
Taxation	**(33.4)**	(36.6)	3.2
Net operating cash	**60.4**	32.0	28.4
Distributions from associates	**2.0**	3.1	(1.1)
Interest and other financing cash flows	**(28.0)**	(20.6)	(7.4)
Acquisition of business	**(4.1)**	(10.0)	5.9
Free cash flow	**30.3**	4.5	25.8
Dividends paid	**(56.2)**	(52.2)	(4.0)
Payments to acquire treasury shares	**(24.9)**	(53.0)	28.1
Add back: Lease principal payments[11]	**65.0**	65.1	(0.1)
Net cash generated (consumed)	**14.2**	(35.6)	49.8

Steady state cash generation

Steady state cash generation reduced to £101.1m compared to prior year (2023: £191.5m). Increases in underlying EBIT have been offset by increases in net replacement capex as we recycle the fleet.

[8] Depreciation and amortisation excludes £nil (2023: £46.5m) of depreciation adjustment credits and £18.6m (2023: £20.2m) of amortisation of acquired intangibles both excluded from underlying results

[9] Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash that is generated if the fleet size is reduced in periods of contraction (excluding leased fleet)

[10] Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method

[11] Lease principal payments are added back to reflect the movement on net debt

Net capital expenditure

Net capital expenditure increased by £3.7m at £281.9m reflecting a differing mix between net replacement capex and growth capex as detailed below.

Net replacement capex was £280.2m, which was £124.6m higher than in the prior year. This was due to both volume increases as well as increases in average replacement cost due to change in mix of vehicles and the impact of price inflation. Net replacement capex was £77.4m higher in UK&I, £81.3m higher in Spain and £34.1m lower in Claims & Services.

Growth capex of £1.7m (2023: £122.6m) included £48.5m to grow the fleet size in Spain offset by a £46.8m inflow in UK&I and Claims & Services where the fleet size was reduced.

Free cash flow

Free cash flow increased by £25.8m to £30.3m (2023: £4.5m) with growth in underlying EBITDA and a reduction in financing of acquisitions offset by movements in net capital expenditure as explained above, increases in working capital and increases in interest and other financing due to higher interest rates throughout the year.

Free cash flow is stated after taking account of investments that have been made in the year which will return future cash flow at a sustainable rate of return ahead of our cost of capital. This includes investment in net replacement capex of £280.2m, lease payments of £65.0m, growth capex of £1.7m, the acquisition of FridgeXpress of £4.1m and working capital in Claims & Services.

Removing the impact of growth capex in the year, the underlying free cash flow of the Group was £32.0m compared to £127.1m in the previous year due to the increase in net replacement capex.

Net cash generation

Net cash generated of £14.2m (2023: £35.6m consumed) includes £56.2m of dividends paid (2023: £52.2m) and £24.9m (2023: £52.9m) for treasury shares purchased under the share buyback programme. Leverage has been maintained at 1.5x (2023: 1.5x).

Net debt

Net debt reconciles as follows:

As at 30 April	**2024 £m**	2023 £m
Opening net debt	**694.4**	582.5
Net cash (generated) consumed	**(14.2)**	35.6
Other non-cash items	**75.1**	57.8
Exchange differences	**(13.1)**	18.5
Closing net debt	**742.2**	694.4

Closing net debt increased by £47.8m in the year driven by net cash consumed, non-cash items and exchange differences. Other non-cash items consist of £73.3m of new leases acquired and £1.8m of other items. Foreign exchange movements reduced net debt by £13.1m.

Borrowing facilities

As at 30 April 2024 the Group had headroom on facilities of £244m (2023: £290m), with £582m drawn (net of available cash balances) against total facilities of £826m as detailed below:

	Facility £m	Drawn £m	Headroom £m	Maturity	Borrowing cost
UK bank facilities	493	251	242	Nov 26	6.1%
Loan notes	320	320	–	Nov 27-Nov 31	1.3%
Other loans	13	11	2	Nov 24	4.9%
	826	**582**	**244**		**3.5%**

The other loans drawn consist of £10m of local borrowings in Spain which were renewed for a further year in November 2023 and £0.5m of preference shares.

The above drawn amounts reconcile to net debt as follows:

	Drawn £m
Borrowings	**582**
Unamortised finance fees	**(5)**
Leases	**165**
Net debt	**742**

The overall cost of borrowings at 30 April 2024 is 3.5% (2023: 3.1%).

The margin charged on bank debt is dependent upon the Group's net debt to EBITDA ratio, ranging from a minimum of 1.45% to a maximum of 3.25%. The net debt to EBITDA ratio at 30 April 2024 corresponded to a margin of 1.95% (2023: 1.95%).

The split of net debt by currency was as follows:

As at 30 April	**2024 £m**	2023 £m
Euro	**522.2**	388.0
Sterling	**224.9**	313.2
Borrowings and lease obligations before unamortised arrangement fees	**747.1**	701.2
Unamortised finance fees	**(4.9)**	(6.8)
Net debt	**742.2**	694.4

There are three financial covenants under the Group's facilities as follows:

As at 30 April	Threshold	2024	Headroom	2023
Interest cover	3x	8.3x	£132m (EBIT)	10.6x
Loan to value	70%	41%	£429m (Net debt)	42%
Debt leverage	3x	1.5x	£195m (EBITDA)	1.5x

The covenant calculations have been prepared in accordance with the requirements of the facilities to which they relate.

Dividend and capital allocation
Subject to approval, the final dividend proposed of 17.5p per share (2023: 16.5p) will be paid on 27 September 2024 to shareholders on the register as at close of business on 30 August 2024.

Including the interim dividend paid of 8.3p (2023: 7.5p), the total dividend relating to the year would be 25.8p (2023: 24.0p). The dividend is covered 2.4x by underlying earnings.

The Group's objective is to employ a disciplined approach to investment, returns and capital efficiency to deliver sustainable compounding growth. Capital will be allocated within the business in accordance with the framework outlined below:

- Funding organic growth
- Sustainable and growing dividend
- Inorganic growth
- Returning excess cash to shareholders

The Group plans to maintain a balance sheet within a target leverage range of 1.0x to 2.0x net debt to EBITDA, and during periods of significant growth net debt would be expected to be towards the higher end of this range. This is consistent with the Group's objective of maintaining a balance sheet that is efficient in terms of providing long term returns to shareholders and safeguards the Group's financial position through economic cycles.

Treasury
The function of the Group's treasury operations is to mitigate financial risk, to ensure sufficient liquidity is available to meet foreseeable requirements, to secure finance at minimum cost and to invest cash assets securely and profitably. Treasury operations manage the Group's funding, liquidity and exposure to interest rate risks within a framework of policies and guidelines authorised by the Board of Directors.

The Group uses derivative financial instruments for risk management purposes only. Consistent with Group policy, Group Treasury does not engage in speculative activity and it is Group policy to avoid using more complex financial instruments.

Credit risk
The policy followed in managing credit risk permits only minimal exposures with banks and other institutions meeting required standards as assessed normally by reference to major credit agencies. Group credit exposure for material deposits is limited to banks which maintain an A rating. Individual aggregate credit exposures are also limited accordingly.

Liquidity and funding
The Group has sufficient funding facilities to meet its normal funding requirements in the medium term as outlined in the borrowing facilities section above. Covenants attached to those facilities as outlined above are not restrictive to the Group's operations.

Capital management
The Group's objective is to maintain a balance sheet structure that is efficient in terms of providing long term returns to shareholders and safeguards the Group's financial position through economic cycles.

Operating subsidiaries are financed by a combination of retained earnings and borrowings.

The Group can choose to adjust its capital structure by varying the amount of dividends paid to shareholders, by issuing new shares or by adjusting the level of capital expenditure.

Interest rate management
The Group's bank facilities, other loan agreements and lease obligations incorporate variable interest rates. The Group seeks to ensure that the exposure to future changes in interest rates is managed to an acceptable level by having in place an appropriate balance of fixed rate and floating rate financial instruments at any time. The proportion of gross borrowings (including leases arising under HP obligations) held in fixed rates was 65% at 30 April 2024 (2023: 62%).

Foreign exchange risk
The Group's reporting currency is Sterling and 80% of its revenue was generated in Sterling during the year (2023: 78%). The Group's principal currency translation exposure is to the Euro, as the results of operations, assets and liabilities of its Spanish and Irish businesses are translated into Sterling to produce the Group's consolidated financial statements.

The average and year end exchange rates used to translate the Group's overseas operations were as follows:

	2024 £:€	2023 £:€
Average	**1.16**	1.15
Year end	**1.17**	1.14

Going concern
Having considered the Group's current trading, cash flow generation and debt maturity including severe but plausible stress testing scenarios (as detailed further in the notes to the financial statements) the Directors have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Alternative performance measures and glossary of terms

A reconciliation of statutory to underlying Group performance is outlined at the front of this document. A reconciliation of underlying cash flow measures and additional alternative performance measures used to assess performance of the Group is shown below.

Cash Flow Reconciliation Year ended 30 April	**2024** **£m**	2023 £m
Underlying EBIT	**213.7**	189.2
Add back:		
Depreciation of property, plant and equipment	**231.3**	175.1
Depreciation adjustment not included in underlying EBIT	**–**	46.5
Loss on disposal of assets	**(0.1)**	0.2
Intangible amortisation included in underlying operating profit (Note 6)	**1.4**	1.2
EBITDA	**446.3**	412.2
Net replacement capex	**(280.2)**	(155.6)
Lease principal payments	**(65.0)**	(65.1)
Steady state cash generation	**101.1**	191.5
Working capital and non-cash items	**(5.6)**	(0.3)
Growth capex	**(1.7)**	(122.6)
Taxation	**(33.4)**	(36.6)
Net operating cash	**60.4**	32.0
Distributions from associates	**2.0**	3.1
Interest and other financing costs	**(28.0)**	(20.6)
Acquisition of business net of cash acquired	**(4.1)**	(10.0)
Free cash flow	**30.3**	4.5
Dividends paid	**(56.2)**	(52.2)
Purchase of treasury shares	**(24.9)**	(53.0)
Add back: Lease principal payments	**65.0**	65.1
Net cash generated (consumed)	**14.2**	(35.6)

Reconciliation to cash flow statement:		
Net decrease in cash and cash equivalents	**(17.7)**	**(3.9)**
Add back:		
Receipt of bank loans and other borrowings	**(33.1)**	(96.8)
Principal element of lease payments	**65.0**	65.1
Net cash generated (consumed)	**14.2**	(35.6)

Cash Flow Reconciliation Year ended 30 April	**2024** **£m**	2023 £m
Reconciliation of capital expenditure		
Purchases of vehicles for hire	**553.6**	398.2
Proceeds from disposals of vehicles for hire	**(288.0)**	(128.4)
Proceeds from disposal of other property, plant and equipment	**(1.4)**	(0.7)
Purchases of other property, plant and equipment	**15.7**	7.4
Purchases of intangible assets	**2.0**	1.8
Net capital expenditure	**281.9**	278.2
Net replacement capex	**280.2**	155.6
Growth capex	**1.7**	122.6
Net capital expenditure	**281.9**	278.2

	UK&I Rental 2024 £000	**Spain Rental 2024 £000**	**Group sub-total 2024 £000**
Underlying operating profit[12]	**93,788**	**77,789**	**171,577**
Exclude:			
Vehicle disposal profits	**(34,017)**	**(27,834)**	**(61,851)**
Rental profit	**59,771**	**49,955**	**109,726**
Divided by: Revenue: hire of vehicles[13]	**384,448**	**274,016**	**658,464**
Rental margin	**15.5%**	**18.2%**	**16.9%**

	UK&I Rental 2023 £000	Spain Rental 2023 £000	Group sub-total 2023 £000
Underlying operating profit[12]	93,382	60,440	153,822
Exclude:			
Vehicle disposal profits	(37,746)	(13,730)	(51,476)
Rental profit	55,636	46,710	102,346
Divided by: Revenue: hire of vehicles[13]	367,694	252,691	620,385
Rental margin	**15.1%**	**18.5%**	**16.5%**

[12] See Note 1 of the financial statements for reconciliation of segment underlying operating profit to Group underlying operating profit.

[13] Revenue: hire of vehicles including intersegment revenue (see Note 1 of the financial statements).

The following defined terms have been used throughout this document:

Term	Definition
Average capital employed	A two-point average of capital employed at last day of the current and previous financial years
Auxillis	A business within the Claims & Services operating segment providing fault and non-fault accident management assistance and related services
B2C	Consumer related business activity
Blakedale	A business within the UK&I Rental operating segment providing specialist traffic management services
Capex	Capital expenditure
Capital employed	Net assets excluding net debt, acquired goodwill and acquired intangible assets, and the adjustment to net book values for changes to depreciation rates which have not been reflected in underlying results
CEO	Chief Executive Officer
ChargedEV	A business within the UK&I Rental operating segment providing EV charging and solar infrastructure and solutions
Claims & Services	The Claims & Services operating segment providing a range of mobility solutions (previously called Redde)
Disposal profit(s)	This is a non-GAAP measure used to describe the adjustment in the depreciation charge made in the year for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs)
e-auction	The part of the Group which generates vehicles sales revenue through the Group’s online sales platforms
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
e-LCV(s)	Electrically powered LCV(s)
EPS	Earnings per share. Underlying unless otherwise stated
EV(s)	Electrically powered vehicle(s)
Facility headroom	Calculated as facilities of £826m less net borrowings of £582m. Net borrowings represent net debt of £742m excluding lease liabilities of £165m and unamortised arrangement fees of £5m and are stated after the deduction of £40m of cash balances which are available to offset against borrowings
Free cash flow	Net cash generated after principal lease payments and before the payment of dividends and payments to acquire treasury shares
FridgeXpress	A business within the UK&I Rental operating segment providing specialised temperature controlled vehicle services, introduced into the Group following the acquisition of Fridgexpress (UK) Limited
FY2021	The year ended 30 April 2021
FY2022	The year ended 30 April 2022
FY2023	The year ended 30 April 2023
FY2024	The year ended 30 April 2024
FY2025	The year ending 30 April 2025
FY2026	The year ending 30 April 2026

FY2027	The year ending 30 April 2027
GAAP	Generally Accepted Accounting Practice: meaning compliance with IFRS
Gearing	Calculated as net debt divided by net tangible assets
Growth capex	Growth capex represents the cash consumed in order to grow the total owned rental fleet or the cash generated if the fleet size is reduced in periods of contraction
H1/H2	Half year period. H1 being the first half and H2 being the second half of the financial year
ICE vehicles	Vehicles powered by an internal combustion engine
IFRS	International Financial Reporting Standards
Income from associates	The Group's share of net profit of associates accounted for using the equity method
LCV	Light commercial vehicle: the official term used within the UK and European Union for a commercial carrier vehicle with a gross vehicle weight of not more than 3.5 tonnes
Lease principal payments	Principal payment on leases recognised under IFRS 16 (Leases)
Net replacement capex	Net capital expenditure other than that defined as growth capex and lease principal payments.
Net tangible assets	Net assets less goodwill and other intangible assets
NewLaw	A business within the Claims & Services operating segment providing legal services
Non-GAAP	A financial metric used which is not defined under GAAP
Non-ICE vehicles	Vehicles not powered by an internal combustion engine
NPS	Net promoter score: a measure used to gauge customer satisfaction
OEM(s)	Original Equipment Manufacturer(s): a reference to our vehicle suppliers
PBT	Profit before taxation. Underlying unless otherwise stated
PPU	Profit per unit/loss per unit – this is a non-GAAP measure used to describe disposal profit (as defined), divided by the number of vehicles sold
Rental margin	Calculated as rental profit divided by revenue (excluding vehicle sales)
Rental profits	EBIT excluding disposal profits
ROCE	Underlying return on capital employed: calculated as underlying EBIT (see non-GAAP reconciliation) divided by average capital employed
Spain	Referring to the Spain Rental operating segment
Spain Rental	The Northgate Spain operating segment located in Spain and providing commercial vehicle hire and ancillary services (previously called Northgate Spain)
Steady state cash generation	EBITDA less net replacement capex and lease principal payments
The Company	ZIGUP plc (formerly Redde Northgate plc)
The Group	The Company and its subsidiaries
UK&I	Referring to the UK&I Rental operating segment

UK&I Rental	The UK&I Rental operating segment located in the United Kingdom and the Republic of Ireland providing commercial vehicle hire and ancillary services (previously called Northgate UK&I)
Underlying free cash flow	Free cash flow excluding growth capex
Utilisation	Calculated as the average number of vehicles on hire divided by average rentable fleet in any period
Van Monster	A trading name used within the UK&I Rental operating business, when selling used vehicles to business and retail customers
VOH	Vehicles on hire. Average unless otherwise stated
ZEV mandate	The Zero Emissions Vehicle mandate: a legal framework introduced by the UK government to increase the proportion of zero emission vehicles sold in the UK

Principal risks and uncertainties

The world we live in

Risk description

The successful delivery of our strategy is influenced by the world we live in, and we need to adapt to a changing global environment. Changes in both economic and environmental conditions in the countries that the Group operates in or are linked to through our supply chain could affect how we deliver our services or change the cost base of the business.

Influencing factors

- Changes in economic conditions including economic growth forecasts, exchange rates, interest rates and inflationary pressures
- Influences of global conflicts on global supply chains
- The impact that environmental conditions such as extreme weather could have on our operations as well as our impact on the environments in which we operate

Controls and mitigating activities

- The Group's business model and balance sheet strength provides resilience to economic downturns, with the flexibility of our offer being attractive in times of uncertainty
- In the event of a downturn, the Group can manage its fleet flexibly, generating cash and reducing debt by reducing vehicle purchases or accelerating disposals
- The cost base related to management of insurance claims and services is flexible and can be scaled back in response to a downturn in revenue
- Pricing structures remain under review in context of cost inflation with minimum return thresholds protecting margins
- Credit risk of new and existing customers is continually assessed, and the Group has a diversified customer base without overreliance on an individual or group of customers across any sector
- The Group maintains close relationships with key suppliers to ensure continuity of supply and diversifies the supplier base in periods when supply becomes restricted
- Foreign exchange exposure is minimised through sourcing supplies in the same currency as the revenue is generated. Translation risk is managed through holding a proportion of borrowings in Euro in order to hedge against the investment in Euro net assets

Our markets and customers

Risk description

We operate in markets undergoing significant transformations both through changing business models and customer expectations for smarter and increasingly sustainable mobility. If the Group does not respond to behavioural, structural, legal, or technological changes in our markets there is a risk that demand for our services will reduce. Changes to the insurance market or loss of a key insurance referral partner could adversely impact the Group's revenues.

Influencing factors

- Structural changes to the rental and insurance and legal services markets such as consolidation, digitalisation or vertical integration could impact on the viability of the business model if we are not agile enough to respond to those trends
- Changes to regulations for operation of ICE vehicles and widening of low emission zones will change the way in which mobility services will need to be delivered
- Price competition for an equivalent service, could impact our ability to attract and retain customers at appropriate rates of return
- Increases in insurance referral rates or cost increases which cannot be passed on through claims could impact viability of returns

- Loss of a major customer or insurance referral partner could diminish returns if the cost base is not managed appropriately

Controls and mitigating activities

- Our strong reputation for trusted and expert advice and customer service improves retention of existing customers and attractiveness to new customers by differentiating our offer from other market participants
- Continued evolution of the fleet towards non-ICE vehicles with development of supplier relationships and investments in supporting infrastructure
- Continual benchmarking of pricing and service offer compared to competitors and other market participants. Pricing controls over target levels of returns and discount authorities protect margins
- Minimising the concentration of business customers and maintaining long term relationships with insurance partners with a large proportion of revenue coming from contracts with customers, greater than one year in length

Fleet availability

Risk description

Failure to secure sufficient access to fleet at appropriate pricing would impact on our ability to meet operational and customer service delivery, overall returns and our ability to grow organically.

An increase in fleet holding costs either through higher new vehicle pricing or lower residual values, if not recovered through pricing increases or operational efficiencies, would adversely affect returns.

Influencing factors

- Over recent years, global vehicle supply has been restricted following COVID-19 and geo-political conflict which has shortened the availability of vehicles and influenced vehicle pricing. Whilst supply has improved, it still remains below pre-COVID levels
- Residual values continue to be affected by the vehicle supply interruption and are influenced by other economic conditions

Controls and mitigating activities

- Flexibility over asset management means that in the short term the Group can mitigate the shortage of supply of new vehicles by ageing out the fleet
- The business model supports high levels of utilisation and vehicles returned from customers are redeployed within the fleet
- The Group maintains close relationships with key suppliers to ensure continuity of supply and has diversified the supplier base in order to broaden access to new vehicles
- The Group minimises vehicle holding costs by flexibly managing the fleet so that vehicles can be defleeted at the optimal point in their lifecycle through our own sales channels. We manage vehicle sales through our own retail sales network and online sales channels.

Our people

Risk description

We rely on the expertise and experience of our people in order to stay at the forefront of changes to our markets and to maintain and deliver high levels of customer service. Failure to attract, retain, develop and motivate this talent would impact the Group's ability to meet its strategic objectives.

We also understand our responsibility to keep our people safe through appropriate health and safety risk management to maintain trust with our employees and reputation across all stakeholders.

Influencing factors

- External pressures in the labour market creates issues in attracting and retaining talent and therefore delivery of the operating model and commercial proposition
- The diverse operations of a Group growing organically and inorganically across a wide geographical area increases the challenge of fostering a shared culture in line with strategic objectives
- Not safeguarding employees' health and welfare and failure to invest in our workforce will lead to high levels of staff turnover, which will affect customer service, operational efficiency and overall delivery of the Group's strategy

Controls and mitigating activities

- Employee engagement with Group management through the Employee Engagement Forum and employee surveys
- Internal communications establish values which are aligned to Group strategy and we undertake regular communication of the strategic progress through various platforms including the launch of the new brand and strategy and how that best serves our people
- Ongoing benchmarking of reward and benefits against the comparable employment market
- Regular performance reviews including personal development and tailored training as well as introduction of a mentoring programme
- Regular engagement with employees and access to health and wellbeing initiatives
- Widening of rewards and benefits including share ownership, financial wellbeing initiatives and improved annual and family
- Group health and safety team develops policy and processes to ensure safe working practices and monitors compliance with those policies
- Continual development of Group health and safety initiatives to promote an ongoing safe working environment

Regulatory environment

Risk description

The Group must comply with all laws and regulations and certain activities within the Group are regulated, therefore ongoing compliance with regulations is required to ensure continuity of business.

Legal cases relating to the provision of credit hire and insurance related services have provided a precedent framework which has remained stable for several years. Legal challenges or changes in legislation could undermine this framework with consequences for the markets in which the Group operates.

Influencing factors

- Changes to the legislation or regulatory environment in any of the Group's markets could impact revenue and profitability, particularly within the credit hire, insurance and legal services businesses
- Inadequate operation of systems to monitor and ensure compliance with regulation could expose the Group to fines and penalties or operating licences could be suspended and also adversely impact our reputation across all stakeholder groups

Controls and mitigating activities

- In-house legal and compliance team continuously monitoring regulatory and legal compliance
- Horizon scanning and monitoring of legal and regulatory developments
- Policies and procedures and compliance monitoring programmes
- Training in relation to relevant legislation, regulatory responsibilities and Company policies and procedures
- External advisors are retained where necessary

Technology and digitalisation

Risk description

The Group relies on technology to ensure the safe continuity of business operations and advances in technology offer opportunities to leverage efficiencies in processes and enhanced service delivery with stakeholders continuing to seek deeper digital engagement. Failure of existing systems, lack of development in new systems or poor integration of new systems, could result in a loss of commercial agility and/or harm the efficiency and continuity of our operations.

The global treat of cyber-attacks is continuing to increase in frequency and sophistication therefore unsuccessfully defending against data theft or cyber-attacks, could cause significant business interruption and reputational harm across all stakeholders.

Influencing factors

- Inadequate IT systems can be at risk from failed processes, systems or infrastructure and from error, fraud or cyber-crime
- The Group's business is dependent on the safe and efficient processing of a large number of complex transactions and stakeholder interactions. The effective performance and availability of core systems is central to the operation of the business
- Growth through inorganic acquisitions increases the complexity and diversity of operations, IT systems and infrastructure
- Cyber attacks are becoming increasingly frequent and sophisticated. The Group remains vigilant to changes in the cyber threat landscape and continues to review the technology deployed to defend against these threats

Controls and mitigating activities

- Investments in key IT platforms and systems to ensure continued operational performance and delivery
- Changes to key IT systems are considered as part of wider Group change programmes and are implemented in phases where possible with appropriate governance structures put in place to oversee progress against project objectives
- Ongoing monitoring of the continuity of IT systems with access to support where required
- Back-up and recovery procedures for key systems including disaster recovery plans
- Operation of information security and data protection protocols to ensure that data is held securely, and is adequately protected from cyber-attacks or other unauthorised access

Recovery of contract assets

Risk description

Our credit hire and repair business involves the provision of goods and services on credit. The Group receives payment for the goods and services it has provided after a claim has been pursued against the party at fault (and the relevant third party insurer). This process can require a long period of time before claims are agreed and settled.

Influencing factors

- Recovery of insurance claims requires the orderly running of insurance markets with claims being settled on commonly agreed terms
- Due to the relative strength of insurance companies, they could influence the speed of settlement of claims in order to secure better terms
- Settlement of claims is normally reached through mutual agreement. Settlement through court arbitrations can be lengthy and relies on efficient operation of the court process

Controls and mitigating activities

- Services are only provided to customers after a full risk assessment process to ensure that the claim will be legally recoverable from a third party
- The Group manages collection risk by standardising terms with third party insurers (protocol agreements) where possible, which reduces collection risk under shorter payment terms. The proportion of claims under protocol terms has increased in the year to c.70%
- Other claims are managed through specialist teams in order to settle claims or manage through a court arbitration process

<u>Access to capital</u>

Risk description

The Group needs access to sufficient capital to maintain and grow the fleet and fund working capital requirements.

Investors increasingly require businesses to demonstrate that they act in a responsible and sustainable manner prior to granting access to financing facilities.

Influencing factors

- Debt markets can be volatile in terms of liquidity and pricing
- Failure to maintain or extend access to credit and fleet finance facilities or non-compliance with debt covenants could affect the Group's ability to achieve its strategic objectives or continue as a going concern

Controls and mitigating activities

- Debt facilities are diversified across a range of lenders and close relationships are maintained with key funders of the Group to ensure continuity of funding
- Debt facilities have been put in place to provide adequate headroom and maturities in order to support the strategy of the Group
- The Group continually monitors cash flow forecasts to ensure adequate headroom on facilities and ongoing compliance with debt covenants
- The Group maintains leverage within stated policy and the business model allows cash to be generated through economic cycles
- The impact of access to capital on the Group's viability is considered in the viability statement .

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2024

	Note	2024 £000	2023 £000
Revenue: hire of vehicles	1	**649,271**	610,502
Revenue: sale of vehicles	1	**312,469**	152,894
Revenue: claims and services	1	**871,387**	726,350
Total revenue	1	**1,833,127**	1,489,746
Cost of sales		**(1,400,236)**	(1,054,173)
Gross profit		**432,891**	435,573
Administrative expenses (excluding exceptional items)		**(229,270)**	(213,658)
Net impairment of trade receivables		**(9,782)**	(8,902)
Exceptional administrative expenses: impairment of goodwill	6	**–**	(5,009)
Exceptional administrative expenses: impairment of other intangibles	6	**–**	(8,482)
Total administrative expenses		**(239,052)**	(236,051)
Operating profit		**193,839**	199,522
Share of net profit of associates accounted for using the equity method		**1,296**	2,520
EBIT	1	**195,135**	202,042
Finance income		**596**	90
Finance costs		**(33,628)**	(23,405)
Profit before taxation		**162,103**	178,727
Taxation		**(37,085)**	(39,489)
Profit for the year		**125,018**	139,238

Profit for the year is wholly attributable to owners of the Parent Company. All results arise from continuing operations.

Earnings per share		**2024**	2023
Basic	2	**55.2p**	60.3p
Diluted	2	**54.0p**	58.7p

See GAAP reconciliation at the front of this report for a reconciliation between reported results as shown above and underlying measures used to explain performance throughout this report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2024

	2024	2023
	£000	£000
Amounts attributable to owners of the Parent Company		
Profit attributable to the owners	**125,018**	139,238
Other comprehensive (expense) income		
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	**(15,326)**	23,689
Net foreign exchange differences on long term borrowings held as hedges	**11,252**	(17,741)
Foreign exchange difference on revaluation reserve	**(33)**	54
Net fair value gain on cash flow hedges	**104**	–
Deferred tax charge recognised directly in equity relating to cash flow hedges	**(26)**	–
Total other comprehensive (expense) income	**(4,029)**	6,002
Total comprehensive income for the year	**120,989**	145,240

All items will subsequently be reclassified to the consolidated income statement.

CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2024	2024 £000	2023 £000
Non-current assets		
Goodwill	**115,918**	113,873
Other intangible assets	**111,054**	127,828
Property, plant and equipment	**1,483,344**	1,332,923
Deferred tax assets	**1,878**	2,061
Interest in associates	**4,502**	5,207
Total non-current assets	**1,716,696**	1,581,892
Current assets		
Inventories	**38,261**	54,537
Receivables and contract assets	**421,032**	441,277
Derivative financial instrument assets	**104**	–
Current tax assets	**9,271**	14,951
Cash and bank balances	**39,802**	14,122
Total current assets	**508,470**	524,887
Total assets	**2,225,166**	2,106,779
Current liabilities		
Trade and other payables	**335,597**	344,867
Provisions	**4,170**	822
Current tax liabilities	**29**	20
Lease liabilities	**51,442**	49,493
Borrowings	**57,542**	14,079
Total current liabilities	**448,780**	409,281
Net current assets	**59,690**	115,606
Non-current liabilities		
Provisions	**10,336**	6,609
Lease liabilities	**113,082**	107,272
Borrowings	**559,964**	537,712
Deferred tax liabilities	**49,607**	51,310
Total non-current liabilities	**732,989**	702,903
Total liabilities	**1,181,769**	1,112,184
Net assets	**1,043,397**	994,595
Equity		
Share capital	**123,046**	123,046
Share premium account	**113,510**	113,510
Treasury shares reserve	**(67,488)**	(60,420)
Own shares reserve	**(9,694)**	(9,615)
Translation reserve	**(6,759)**	(2,685)
Other reserves	**330,534**	330,489
Retained earnings	**560,248**	500,270
Total equity	**1,043,397**	994,595

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2024

	Note	2024 £000	2023 £000
Net cash generated from operations	4	**110,260**	84,322
Investing activities			
Finance income		**596**	90
Distributions from associates		**2,001**	3,156
Payment for acquisition of subsidiary, net of cash acquired		**(4,051)**	(10,004)
Proceeds from disposal of other property, plant and equipment		**1,432**	678
Purchases of other property, plant and equipment		**(15,757)**	(7,362)
Purchases of intangible assets		**(2,019)**	(1,765)
Net cash used in investing activities		**(17,798)**	(15,207)
Financing activities			
Dividends paid		**(56,178)**	(52,220)
Receipt of bank loans and other borrowings		**33,078**	96,807
Debt issue costs paid		**–**	(950)
Principal element of lease payments		**(65,047)**	(65,110)
Payments to acquire treasury shares		**(24,878)**	(52,927)
Proceeds from sale of own shares		**2,829**	1,414
Net cash used in financing activities		**(110,196)**	(72,986)
Net decrease in cash and cash equivalents		**(17,734)**	(3,871)
Cash and cash equivalents at 1 May		**11,681**	15,769
Effect of foreign exchange movements		**(765)**	(217)
Cash and cash equivalents at 30 April	(a)	**(6,818)**	11,681

(a) Cash and cash equivalents comprise:

	2024 £000	2023 £000
Cash and bank balances	**39,802**	14,122
Bank overdrafts	**(46,620)**	(2,441)
Cash and cash equivalents	**(6,818)**	11,681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2024

	Share capital and share premium £000	Treasury shares reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
Total equity at 1 May 2022	236,556	(7,493)	(16,439)	(8,633)	330,435	412,335	946,761
Share options fair value charge	–	–	–	–	–	4,647	4,647
Share options exercised	–	–	–	–	–	(5,410)	(5,410)
Dividends paid	–	–	–	–	–	(52,220)	(52,220)
Purchase of shares net of proceeds received on exercise of share options	–	(52,927)	1,414	–	–	–	(51,513)
Transfer of shares on vesting of share options	–	–	5,410	–	–	–	5,410
Deferred tax on share based payments recognised in equity	–	–	–	–	–	1,680	1,680
Total comprehensive income (expense)	–	–	–	5,948	54	139,238	145,240
Total equity at 30 April 2023 and 1 May 2023	236,556	(60,420)	(9,615)	(2,685)	330,489	500,270	994,595
Share options fair value charge	–	–	–	–	–	5,239	5,239
Share options exercised	–	–	–	–	–	(14,902)	(14,902)
Dividends paid	–	–	–	–	–	(56,178)	(56,178)
Purchase of shares net of proceeds received on exercise of share options	–	(24,878)	2,829	–	–	–	(22,049)
Transfer of treasury shares to own shares reserve	–	17,810	(17,810)	–	–	–	–
Transfer of shares on vesting of share options	–	–	14,902	–	–	–	14,902
Deferred tax on share based payments recognised in equity	–	–	–	–	–	801	801
Total comprehensive income	–	–	–	(4,074)	45	125,018	120,989
Total equity at 30 April 2024	**236,556**	**(67,488)**	**(9,694)**	**(6,759)**	**330,534**	**560,248**	**1,043,397**

Other reserves comprise the other reserve, capital redemption reserve, revaluation reserve and merger reserve.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2024

1. SEGMENTAL ANALYSIS

	UK&I Rental 2024 £000	Spain Rental 2024 £000	Claims & Services 2024 £000	Corporate 2024 £000	Eliminations 2024 £000	Total 2024 £000
Revenue: hire of vehicles	375,255	274,016	–	–	–	649,271
Revenue: sale of vehicles	226,936	84,531	1,002	–	–	312,469
Revenue: claims and services	–	–	871,387	–	–	871,387
External revenue	**602,191**	**358,547**	**872,389**	**–**	**–**	**1,833,127**
Intersegment revenue	9,193	–	87,865	–	(97,058)	–
Total revenue	**611,384**	**358,547**	**960,254**	**–**	**(97,058)**	**1,833,127**
Timing of revenue recognition:						
At a point in time	226,936	84,531	442,360	–	–	753,827
Over time	375,255	274,016	430,029	–	–	1,079,300
External revenue	**602,191**	**358,547**	**872,389**	**–**	**–**	**1,833,127**
Underlying operating profit (loss)	**93,788**	**77,789**	**51,419**	**(10,577)**	**–**	**212,419**
Share of net profit of associates accounted for using the equity method	–	–	1,296	–	–	1,296
Underlying EBIT*	**93,788**	**77,789**	**52,715**	**(10,577)**	**–**	**213,715**
Amortisation on acquired intangible assets						(18,563)
Depreciation adjustment (Note 6)						(17)
EBIT						**195,135**
Finance income						596
Finance costs						(33,628)
Profit before taxation						**162,103**

1. SEGMENTAL ANALYSIS (Continued)

	UK&I Rental 2023 £000	Spain Rental 2023 £000	Claims & Services 2023 £000	Corporate 2023 £000	Eliminations 2023 £000	Total 2023 £000
Revenue: hire of vehicles	357,811	252,691	–	–	–	610,502
Revenue: sale of vehicles	104,945	47,280	669	–	–	152,894
Revenue: claims and services	–	–	726,350	–	–	726,350
External revenue	462,756	299,971	727,019	–	–	1,489,746
Intersegment revenue	9,883	–	42,793	–	(52,676)	–
Total revenue	472,639	299,971	769,812	–	(52,676)	1,489,746
Timing of revenue recognition:						
At a point in time	104,945	47,280	291,996	–	–	444,221
Over time	357,811	252,691	435,023	–	–	1,045,525
External revenue	462,756	299,971	727,019	–	–	1,489,746
Underlying operating profit (loss)	93,382	60,440	44,521	(11,670)	–	186,673
Share of net profit of associates accounted for using the equity method	–	–	2,520	–	–	2,520
Underlying EBIT*	93,382	60,440	47,041	(11,670)	–	189,193
Exceptional items (Note 6)						(13,491)
Amortisation on acquired intangible assets						(20,206)
Gain on bargain purchase (Note 6)						46,546
EBIT						202,042
Finance income						90
Finance costs						(23,405)
Profit before taxation						178,727

*Underlying EBIT stated before amortisation on acquired intangible assets and exceptional items is the measure used by the Board of Directors to assess segment performance.

The operating segments have been renamed in the year but have the same composition and remain unchanged. See glossary for reference to previous names.

2. EARNINGS PER SHARE

	2024 £000	2023 £000
Basic and diluted earnings per share		
The calculation of basic and diluted earnings per share is based on the following data:		
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to the owners of the Parent Company	**125,018**	139,238
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**226,332,009**	230,778,502
Effect of dilutive potential ordinary shares – share options	**5,023,528**	6,290,275
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**231,355,537**	237,068,777
Basic earnings per share	**55.2p**	60.3p
Diluted earnings per share	**54.0p**	58.7p

The calculated weighted average number of ordinary shares for the purposes of basic earnings per share includes a reduction of 19,759,414 shares (2023: 15,312,921) relating to treasury shares and shares held in employee trusts.

3. DIVIDENDS

An interim dividend of 8.3p per ordinary share was paid in January 2024 (2023: 7.5p). The Directors propose a final dividend for the year ended 30 April 2024 of 17.5p per ordinary share (2023: 16.5p), which is subject to approval at the AGM and has not been included as a liability as at 30 April 2024. Based upon the shares in issue at 30 April 2024 and excluding treasury shares and shares in employee trust where dividends are waived, this equates to a final dividend payment of £39m (2023: £37m). No dividends have been paid between 30 April 2024 and the date of signing the financial statements.

4. NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2024

Net cash generated from operations	2024 £000	2023 £000
Operating profit	**193,839**	199,522
Adjustments for:		
Depreciation of property, plant and equipment	**231,293**	175,066
Impairment of goodwill	**–**	5,009
Impairment of other intangibles	**–**	8,482
Amortisation of intangible assets	**19,961**	21,408
(Gain) loss on disposal of other property, plant and equipment	**(76)**	218
Share options fair value charge	**5,239**	4,647
Operating cash flows before movements in working capital	**450,256**	414,352
(Decrease) increase in non-vehicle inventories	**(2,788)**	273
Decrease (increase) in receivables	**26,049**	(81,981)
(Increase) decrease in payables	**(39,630)**	71,810
Increase in provisions	**6,784**	7,431
Cash generated from operations	**440,671**	411,885
Income taxes paid, net	**(33,371)**	(36,640)
Interest paid	**(31,486)**	(21,150)
Net cash generated from operations before purchases of and proceeds from disposal of vehicles for hire	**375,814**	354,095
Purchases of vehicles for hire	**(553,537)**	(398,187)
Proceeds from disposals of vehicles for hire	**287,983**	128,414
Net cash generated from operations	**110,260**	84,322

5. ANALYSIS OF CONSOLIDATED NET DEBT

	2024 £000	2023 £000
Cash and bank balances	**(39,802)**	(14,122)
Bank overdrafts	**46,620**	2,441
Bank loans	**250,052**	218,403
Loan notes	**320,267**	329,854
Lease liabilities	**164,524**	156,765
Cumulative preference shares	**500**	500
Confirming facilities	**67**	593
Consolidated net debt	**742,228**	694,434

6. EXCEPTIONAL ITEMS

Details of exceptional items recognised in the income statement are as follows:

	2024 £000	2023 £000
Impairment of goodwill	–	5,009
Impairment of other intangibles	–	8,482
Exceptional administrative expenses	–	13,491
Total exceptional items included within EBIT	–	13,491
Total pre-tax exceptional items	–	13,491
Tax credits relating to exceptional items	–	(2,065)
Cash expenses	–	–
Non-cash expenses	–	13,491
Total pre-tax exceptional items	–	13,491

Impairment of NewLaw

In the prior year, following a strategic business review, the carrying amount of assets relating to the NewLaw CGU was considered to be below its recoverable amount and therefore an impairment charge of £5,009,000 and £8,482,000, for goodwill and other intangibles respectively, was recognised as an exceptional item in the consolidated income statement. The Group also reassessed the useful lives of property, plant and equipment relating to the NewLaw CGU and determined that no change in the useful lives is required. In the current year, it was concluded that there were no indicators of additional impairment or reversal of impairment of other non-current assets previously charged

Details of other items which are not classified as exceptional items but are not included within underlying profit in the income statement are as follows:

Amortisation on acquired intangible assets

Amortisation on acquired intangible assets of £18,563,000 (2023: £20,206,000) is not classified as an exceptional item as it is recurring. However, it is excluded from underlying results in order to provide a better comparison of results between periods as the Group grows through a combination of organic and inorganic growth. The revenue and operating costs of these acquisitions are included within underlying results. Amortisation of intangible assets of £1,398,000 (2023: £1,202,000) which does not relate to acquisitions is included within underlying profit.

Depreciation rate changes

The Group has adjusted the depreciation rates from 1 May 2022 on vehicles remaining on the fleet which were purchased before FY2021. This adjustment is explained further in the Financial Review. The depreciation adjustment is a debit to the consolidated income statement of £17,000 (2023: credit of £46,546,000). This adjustment is not classified as an exceptional item, however, it is excluded from underlying results in order to provide a better comparison of results between periods.

7. BASIS OF PREPARATION

These financial statements have been prepared in accordance with United Kingdom adopted international accounting standards ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

ZIGUP plc ("the Company") has adopted all IFRS in issue and effective for the year.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in July 2024.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 April 2024 or 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

The financial information presented in respect of the year ended 30 April 2024 has been prepared on a basis consistent with that presented in the annual report for the year ended 30 April 2023.

Having considered the Group's current trading, cash flow generation and debt maturity including severe but plausible stress testing scenarios, the Directors have concluded that it is appropriate to prepare the Group financial statements on a going concern basis as explained further below.

Assessment of prospects

In the year, the Group launched a new corporate brand and name, with ZIGUP encompassing the strength and depth of the enlarged Group. To better reflect the future of the Group, a new purpose was developed underpinning a refreshed strategic framework, subject to the ongoing monitoring and development described below. The Group is well established within the markets it operates in and has proven resilience through difficult economic conditions in recent years and strong momentum has continued throughout the year ended 30 April 2024.

In the year, the Board retired the previous strategic framework and introduced 'Enable, Deliver, Grow' as the next phase of our strategy. The Board maintains a measured approach to strategic risk whilst continuing to explore growth opportunities intended to add long term value to the Group, both organically and inorganically. The Board continually assesses the changes in the risk profile and emerging risks to the Group. The Group pursues only those activities which are acceptable in the context of the risk appetite of the Group as a whole.

Assessment of viability

To assess the Group's viability, the three year strategic plan was stress tested against various scenarios and other sensitivities.

Sensitivity analysis of our strategy

A detailed three year strategic review was conducted which considers the Group's cash flows, dividend cover assuming operation of stated policy, and headroom against borrowing facilities and financial covenants under the Group's existing facilities. These metrics were subjected to sensitivity analysis to assess the Group's ability to deliver its strategic objectives.

Financial position

The Group's principal banking facilities mature in November 2026. Private placement loan notes of €375m give a longer profile of maturities spread across 6, 8 and 10 years. Headroom against the Group's existing banking facilities at 30 April 2024 was £244m. This compares with headroom of £290m at 30 April 2023 and reflects the ongoing investment in fleet. Given the financial strength of the Group, we do not anticipate any material deterioration in the credit status of the Group or access to credit markets that would contradict this assumption.

Taking this into account, the Group's facilities provide sufficient headroom to fund the capital expenditure and working capital requirements during the planned period.

The Directors have further considered the resilience of the Group, considering its current position and the principal risks facing the business. The plan was stress tested for severe but plausible scenarios over the planned period as follows:

- No further growth in vehicles on hire with rental customers

- A 1% reduction in pricing of rental hire rates
- A 2% increase above plan assumptions in the purchase cost of vehicles and other operating expenses not passed on to customers
- A 5% reduction to assumptions in the plan for the residual value of used vehicles
- A 10% reduction in insurance claims and services revenue in aggregate, either through lower demand or through ending the commercial relationship with a group of key insurance partners
- A prudent working capital view reflecting the impact of a slow-down in collections of historic insurance claims

The above scenarios took into account the effectiveness of mitigating actions that would be reasonably taken, such as reducing variable costs that are directly related to revenue, but did not take into account further management actions that would likely be taken, such as a change to the indirect cost base of the Group or a reduction in capital expenditure and ageing out of the vehicle fleet, both of which would generate cash and reduce debt.

Conclusions relating to viability and going concern

After considering the above sensitivities and reasonable mitigating actions, sufficient headroom remained against available debt facilities and the covenants attached to those facilities. The Directors have a reasonable expectation that the Group will continue to be able to meet its obligations as they fall due and continue to be viable over the period to 30 April 2027. The Directors also considered it appropriate to prepare the financial statements on the going concern basis.